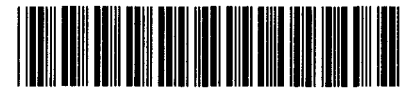


COMMISSIONERS
BOB STUMP – Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH



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Executive Director

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ARIZONA CORPORATION COMMISSION

2014 SEP 19 A 8:08

CORP COMMISSION
DOCKET CONTROL

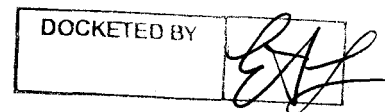
September 19, 2014

Arizona Corporation Commission
DOCKETED

SEP 19 2014

Mr. Kevin Sullivan
President
Dragoon Water Company
P.O. Box 85160
Tucson, AZ 85754

ORIGINAL



RE: DRAGON WATER COMPANY – APPLICATION FOR A RATE INCREASE
DOCKET NO. W-01917A-14-0313

LETTER OF DEFICIENCY

Dear Mr. Sullivan:

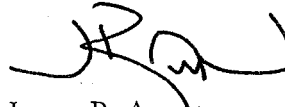
In reference to your rate application received on August 22, 2014, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

Staff has found several deficiencies with your application, which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

You have 15 calendar days, or until October 5, 2014, to correct the deficiencies or make other arrangements with Staff to remedy your rate application. If the corrections or other arrangements are not made by the above date, Staff will request your docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and sixteen copies of an updated application at a later date.

The Staff person assigned to your application is Mary J. Rimback. She can be reached at (602) 542-1331, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,



James R. Armstrong
Chief Accountant Finance & Regulatory Analysis
Utilities Division

JRA:MJR:red

cc: Docket Control Center (sixteen copies)
Lyn Farmer, Hearing Division
Delbert Smith, Engineering
Consumer Services
Legal Division

Mr. Matthew Rowell
Desert Mountain Analytical Services, LLC
PO Box 51628
Phoenix, Arizona 85076

Mr. Steve Wene
Moyes Seller and Hendricks, Ltd.
1850 N. Central Avenue
Phoenix, Arizona 85004

Southwestern Utility Management, Inc
PO Box 85160
Tucson, Arizona 85754

DRAGOON WATER COMPANY DEFICIENCY LIST

1. **Metered Water Revenue for 1-Inch Meter Size**

The fourth quarter bill count does not show the amount of gallons for the bill over 100,000 gallons.

2. **Metered Water Revenue for 1-Inch Meter Size and Metered Water Revenue for 5/8 x 3/4-inch meter**

The bill counts do not match the worksheet bill counts used to arrive at the Metered Water Revenue.

3. **Metered Water Revenue for 5/8 x 3/4-inch meter**

The Metered Water revenue is not including a commodity charge for the block 1 to 1,000.

4. **Page P-6 "Total annual operating revenue, if the Company is granted the rate adjustment"**

The amount is incorrectly calculated.

5. **NARUC account 620 Repairs and Maintenance**

Invoices are illegible.

6. **NARUC account 615 Purchased Power**

Missing the October bill and the December billing amount is illegible.

7. **Water Losses**

In Decision No. 65132, the Company was ordered on page 23, Line 24-27:

"It is further ordered that Dragoon Water Company shall reduce its non-account water to fifteen percent or less and, preferably to ten percent or less, by December 31, 2003, and in the event the Company is unable to reduce water losses to ten percent or less shall file with its next rate case, an explanation of why such reduction is not cost effective."